

CITY OF MIAMI BEACH

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COMMISSION MEMORANDUM

To: Mayor David Dermer and
Members of the City Commission

Date: May 18, 2005

From: Jorge M. Gonzalez
City Manager

Subject: **REPORT OF THE FINANCE AND CITYWIDE PROJECTS COMMITTEE
MEETING OF APRIL 8, 2005.**

A meeting of the Finance and Citywide Projects Committee (Committee) was held on April 8, 2005 at 3:00 p.m. in the City Manager's Large Conference Room.

NEW BUSINESS:

1. Discussion regarding the City's plans for improvements to streets not covered by the City's General Obligation (G.O.) Bond.

ACTION

No action necessary. Presentation was given.

Chairman Jose Smith introduced and summarized the item. Chairman Smith stated that he had referred this item to the Committee in order to review the City's planning efforts for street improvements not currently funded through the City's G.O. Bond program.

Public Works Director Fred Beckmann gave a presentation to the Committee outlining the City's planning efforts for citywide pavement improvements.

Mr. Beckmann gave a general overview of the citywide pavement and resurfacing improvement plans for:

- City of Miami Beach owned streets
 - Public Works Department scheduled improvements;
 - Capital Improvement Office Right of Way Program scheduled improvements;
- Florida Department of Transportation owned streets;
- Miami-Dade County owned streets.

Mr. Beckmann stated that the majority of the scheduled improvements on City owned streets would be funded through Transit Surtax Funds.

City Manager Jorge M. Gonzalez stated that the City, in an effort to be proactive, is developing a "Roadway Pavement Management Program" which will keep an inventory of repaved citywide streets and their useful life.

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Mr. Beckmann added that after completion of the proposed citywide pavement improvements, 90% of the City's road infrastructure would have been repaved, totaling over 190 miles of resurfacing.

Vice-Chairman Richard L. Steinberg and Commissioner Matti H. Bower noted that it appears that utility companies that tear-up and resurface pavements in order to do repair work often leave the streets in poor conditions. Mr. Beckmann stated that utility companies have clear instructions from the City to restore streets to strict specifications. Mr. Beckmann added that he would address these concerns and notify inspectors.

2. Status report regarding Miami-Dade County General Obligation Bond Issue – City of Miami Beach Projects.

ACTION

No action necessary. Status report was given.

Mr. Gonzalez introduced and summarized the item. Mr. Gonzalez stated that Miami-Dade County staff has advised the City that in order to maintain the County's millage for the G.O. Bond debt at .390 mills, the County anticipates funding for the projects to be phased over a 15-year period.

Mr. Gonzalez added that the Administration is preparing a sequencing schedule for the County to identify funding needs for priority projects. He also stated that it is unknown, at this time, if any of the City's priority projects will be affected by the schedule of funding that will be made available by the County.

Mr. Gonzalez additionally stated that the City has provided the County with a drawdown list of approximately \$5.4 million in funding needs for the current year. He added that the list includes the following projects:

- Lummus Park,
- Beach Maintenance Facility,
- Band Shell Park,
- 41st Street Phase II Bridge Repair/Restoration,
- South Shore Community Center, and
- Historic City Hall

Vice-Chairman Steinberg stated that the County's proposed 15-year sequencing schedule could impact the availability of the \$55 million earmarked for the Miami Beach Convention Center. Mr. Gonzalez replied that the sequencing could impact when the \$55 million will become available.

Mr. Gonzalez further added that the City will have to make a policy decision whether it would want to proceed with the Convention Center Project by forward funding the project with Parking Funds or Undesignated General Fund dollars. He additionally stated that by forward funding projects the City could avoid increase costs due to inflation.

Chairman Smith asked what the Committee and City Commission could do to expedite the availability of the County G.O. Bond funds. He also asked if the Administration would like a Resolution from the City Commission stressing the funding urgency for priority projects.

Mr. Gonzalez replied that a Resolution will eventually be in order, but he would first like to meet with the Miami-Dade County Commissioner Bruno A. Barreiro, County Commissioner for Miami Beach and Chairman of the County's General Obligation Bond Subcommittee.

Chairman Smith stated that beach erosion has become a serious concern, as portions of the coast are virtually without beach. Chairman Smith added that he would like to see the Beach Erosion Mitigation and Renourishment Project funded as a priority project.

3. Capital Improvement Projects – Processes, Funding, and Schedules.

ACTION

No action necessary. Presentation was given.

Mr. Gonzalez introduced and summarized the item. Mr. Gonzalez stated that the City's Capital Improvement Program (CIP) has made significant progress since its inception.

Mr. Gonzalez added that since the year 2001 the CIP has completed seventy projects valued at over \$101 million. He added that another 20 projects valued at over \$77 million are currently under construction and another 70 projects valued at \$200 million are anticipated to be in construction within two years.

Mr. Gonzalez additionally stated that the City's \$680 million CIP is large, particularly when compared to other programs. Mr. Gonzalez referenced Broward County's CIP of \$636 million and NE Ohio's CIP of \$730 million. He further added that the City's \$680 million CIP equates to approximately \$56,000 of capital improvements per square mile.

Mr. Gonzalez addressed the criticism that the CIP Right of Way (ROW) Program has received as being too slow and added that the ROW Program currently represents approximately 25% of the entire CIP. He further stated that the City has addressed many of the earlier challenges faced by the CIP including the fact that the ROW Program was not initially master planned. He added that to date, nine out of the twelve neighborhoods have been master planned and have reached consensus. He further added that as a result of reaching consensus, some projects will come on-line behind originally scheduled dates, but the neighborhoods will obtain a well designed/planned quality product.

Mr. Gonzalez further summarized the early challenges faced by the City:

- Lack of a ROW Master Plan
- Lack of a Program Manager
- Deficient Architectural and Engineering (A/E) and Construction Language
- No CIP Office in Place

Mr. Gonzalez added that once projects get through the planning process and move into the construction phase, the City has demonstrated the ability to deliver quality projects within budget.

Mr. Gonzalez stated that when evaluating construction delays, consideration should be given to the "Triangle of Construction." Mr. Gonzalez added that there are essentially three factors that can impact a construction project: time, quality and budget. He further stated

that in most cases, only two of these factors can be controlled at any given time. He added that the City has decided to control quality and budget to date at the sacrifice of time.

The Committee discussed particular issues delaying the Normandy Pool Project, Flamingo Neighborhood ROW Project and Sunset Isles ROW Project.

Commissioner Saul Gross stated that the current review process appears to add delays to CIP projects moving from the planning process to the construction phase and perhaps the City should look into streamlining the current review processes. Mr. Gonzalez stated that the Administration is looking into internal process reviews in order to streamline the planning the process.

Committee members expressed their desire for the Administration to improve communication efforts to the Community through the use of newsletter mailings, newspaper advertisements and television announcements in an effort to keep the community informed of the CIP and how neighborhoods will be impacted by construction efforts.

4. Discussion regarding a proposed amendment to EDAW's Agreement with the City of Miami Beach for the planning and design of the Flamingo Neighborhood Right of Way Improvement Project.

ACTION

The Committee moved the item to the full Commission for discussion.

Acting Capital Improvement Projects Director Jorge Chartrand introduced and summarized the item. Mr. Chartrand stated that the Flamingo Neighborhood Right of Way Improvement Project item was referred to the Committee because of design and budget issues.

Mr. Chartrand stated that as the planning and design phases of the project have progressed, the City has finalized its field data collection and system evaluation activities which have identified the need for additional water mains to be replaced based upon anticipated system capacity requirements and end of useful life criteria.

Mr. Chartrand additionally stated that sufficient funding was originally determined to be available to replace all identified citywide Priority 1 and Priority 2 water mains; however, funding shortfalls precluded the replacement of all but the most important Priority 3 lines.

Mr. Chartrand added that additional work being provided has necessitated an amendment to the original Agreement with EDAW in order to provide the requisite compensation to design, permit and provide construction administration services for the additional work.

Mr. Chartrand added that as a result of City analyses, a revised total of 23,880 linear feet (or 4.5 miles) of water mains were identified to be replaced within the Project boundaries and a fee has been negotiated to compensate the Consultant for the additional detailed design, permitting, and construction services required to implement the revised water main scope of work. Mr. Chartrand added that the Administration is proposing to fund the additional work, totaling \$556,219 through available Water and Sewer Bond funding.

JMG/PDW/mim 

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**ATTENDANCE SHEET
SPECIAL
MEETING OF THE FINANCE AND CITYWIDE PROJECTS
COMMISSION COMMITTEE**

DATE: - APRIL 8, 2005 TIME: - 2:30 PM

PLEASE STATE YOUR NAME WHEN SPEAKING TO THE COMMITTEE - THANK YOU

PLEASE PRINT NAME	BUSINESS NAME & PHONE
JERRY LIBBIN	InterSecurities (305) 389-0710
Shelly Bretzinger	Student 786-253-7752
ABEL SABORIT JR.	City of Miami Beach Aide to Comm. Bower (305) 673-7000 (6091)
Mario Martinez	SunPost 305 538 9700 X215
Richard Steinberg	CMB
RONNIE SPANER	CIP/CMB
MIKE GOERRA	THE GORDIAN GROUP. 305-506-5009
MAURO BURGIO	CMB/CIP
Raul Gail	City Attny's Office
TRISH WALKER	CMB/FIN.
MANNY MARQUEZ	" " X6383
Kristin McKew	CMB CIP X6248
Tim Hemstreet	CMB CHO X6431
Jorge Chartrand	CMB CIP X7071
JOSE SMITH	CMB 7106
Jorge Gonzalez	CMB - CHO
Dolores Mejia	CMB - M&C X0834

DATE: - APRIL 8, 2005 TIME: - 2:30 PM

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CITY OF MIAMI BEACH
Office of the City Manager
Interoffice Memorandum



To: Finance and Citywide Projects Committee

Date: April 8, 2005

From: Jorge M. Gonzalez
City Manager

A handwritten signature in dark ink, appearing to read "Jorge", written over the name and title of the sender.

Subject: CAPITAL IMPROVEMENT PROJECTS - PROCESSES, FUNDING AND SCHEDULES

At the February 23, 2005 City Commission meeting, an item was referred to the Finance and Citywide Projects Committee regarding the funding for Capital Improvement Projects, and the need to streamline processes, in order to expedite the construction schedules for these projects. This issue was raised as a concern based on estimated shortfalls in funding, and delays in the construction of the Neighborhood Right-of-Way Infrastructure Improvement and Public Facility Projects.

Discussion Items

While it is true that some of our projects have fallen behind their originally anticipated schedules, the Capital Improvement Program has experienced many successes and progressed greatly. In the course of a few years, the City has created a construction oversight capacity and completed more capital projects than at any time in the City's history. As will be illustrated, a significant amount of work is being done or is soon to be done and a significant amount of work is projected to be done in the next several years. Over \$101 million in projects have been constructed since 2001 and another \$77 million is currently under construction.

As with any new undertaking, lessons are learned and adjustments are often appropriate in making improvements. In our capital construction efforts, the City is now undertaking this detailed internal review in order to improve project timing and processes; however there is still room for other enhancements to the projects that uniquely the City Commission can help to realize.

Commission discussion and guidance on several critical factors impacting project timing and completion may be helpful in expediting the capital program. Specific discussion of the elements of

- funding,
- to some degree, project quality, and
- the continued level of community involvement

represent opportunities to adjust our approach and processes beyond the ongoing internal review.

Discussion and possible adjustment of the current policy of holding very tight on project costs and in particular some of the soft costs can be instrumental in helping to get projects completed in a more timely fashion. Some of the contracts negotiated by the City are

perhaps too tight and as a result the production from affected consultants and contractors is impacted. Some flexibility in this area with appropriate circumstances would be helpful.

Discussion and possible adjustment of the current policy on quality may also offer opportunities to expedite projects. At present the City holds contractors very closely to the original contract requirements, thereby requiring that in a number of instances work be redone at the expense of time. Some flexibility to accept alternate work or results, close to but perhaps not exactly as specified, would allow time to be saved on some projects.

Discussion and possible adjustment of the current policy for community involvement may also present some opportunities to speed up project timing. The present policy of being both thorough in the resolution of disputes within the community and being very inclusive at all levels of our projects has and will continue to add time to our capital program. While the investment of time building consensus in the front end of the process was a necessary and very useful undertaking, our project experience has shown that as we develop construction documents the number of community review opportunities slows the process, with little added to the specific project. What is seen during the construction review meetings is the entry of persons completely new to the project at the neighborhood level that either slows the process to acquaint them, or introduces changes in concept that need to be addressed and resolved. Limiting the review opportunities may help to expedite the projects.

However, additional project funding is very likely the single factor that can most immediately and significantly impact project completion.

Capital Improvement Program Description and Status

As the City has developed, the infrastructure (roads, water lines, stormwater drainage system, etc.) was constructed as needed, and maintained as required, but never fully replaced and kept on a regularly scheduled replacement plan. After the condition of the infrastructure was largely ignored for about 40 years, in the early 1990s, the City began to focus on infrastructure improvements within the commercial areas of the City. This included improving streetscapes and underground utilities in the areas most identified as commercial or tourism based. These improvements caused the Commission, Administration and citizens to begin thinking about improving the recreational areas and the water and sewer infrastructure (also due to mandated improvements by Miami Dade County) throughout the City, which led to the issuance of two (2) bonds in 1995. The first bond was the \$15 million General Obligation Bond for park improvements (Parks Bond) at various locations which were master planned, followed by design firms being hired in 1997 to implement the master plan. The second bond was a \$59 million Water and Sewer Revenue Bond for improvements to select water and wastewater systems components. As the planning and design efforts progressed on the Parks Bond projects, and as they became more visible through the community process, it was determined that the City had the financial capacity and the need to secure additional funding to complete more extensive park, water, wastewater and stormwater infrastructure project scopes than originally anticipated, and to address improvements in the City's residential areas.

Leading up to 1999, the City undertook several efforts to secure the additional funding. Engineering studies were conducted to examine the feasibility of issuing an additional Water and Sewer Revenue Bond and a Stormwater Revenue Bond, with Master Plans produced at the conclusion of the studies. It should be noted that each "Master Plan" was specific to each discipline and proposed improvements were not coordinated. These resulted in the issuances of a \$54 million Water and Sewer Revenue Bond and a \$52 million Stormwater Revenue Bond, both issued in 2000.

At the same time, the Administration began a series of internal meetings to review the financial status of capital projects, which resulted in a recommendation for the issuance of a General Obligation Bond to improve specific parks, fire facilities and apparatus, and streetscape enhancements throughout the City. Pursuant to Resolution 99-23263 adopted on July 21, 1999, the City Commission authorized the City to prepare language calling for a referendum for the issuance of General Obligation Bonds for the parks, fire facilities and apparatus, and streetscape enhancements and conduct public meetings to seek community input for the type and scope of projects desired. These meetings were held in August 1999 and residents expressed their concerns that the streetscapes in residential neighborhoods be improved, that the infrastructure be maintained once constructed, and that the projects be coordinated with the underground infrastructure improvements also being planned in order to minimize disruptions and so that cost efficiency was maximized. The community also requested that a commitment for adequate resources to complete the projects be made, and that continuous community involvement play a role in the development of the projects, to ensure community consensus on reasonable changes in scope.

These meetings resulted in the adoption of three (3) Resolutions on September 14, 1999, calling for a special election on November 2, 1999 for the referenda of three (3) separate General Obligation Bonds, totaling over \$90 million: one for Fire facilities and apparatus (\$9.7 million); one for neighborhood infrastructure (streetscape) improvements (\$57.9 million); and one for recreational facilities (\$24 million). On November 2, 1999, the voters passed the referenda, and the City began implementing a plan for the planning, design, bid/award and construction of the projects approved by the residents.

In addition, the City has worked to leverage its Bond investment to the greatest extent possible and has also coordinated all its other capital projects into a comprehensive Capital Improvement Program. This program includes projects funded from a variety of sources such as the City's two Redevelopment Area (RDA) Tax Increment Funds (TIF), Convention Development Tax (CDT) funds, Parking funds and Federal, State and county grants. Additionally, in November 2004, the voters of Miami Dade County approved a referendum to issue bonds for improvements throughout Miami Dade County. For the City, this means that an additional \$90 million will be available to construct improvements within the City's boundaries. As each of these funding sources get added to existing projects, additional time is needed to execute agreements, plan and design scope, and construct the actual improvements. The following is a summary of the City's Capital Improvement Program.

Funding Source	Amount	% of Total
1995 Parks Bond	\$ 15.0 million	2.2%
1999 GO Bond – Fire	9.7 million	1.4%
1999 GO Bond – Parks & Facilities	24.0 million	3.5%
1999 GO Bond – Neighborhoods	57.9 million	8.4%
2000 Water and Sewer Bond	54.0 million	7.9%
2000 Stormwater Bond	52.0 million	7.6%
City Center RDA TIF	70.0 million	10.2%
South Pointe RDA TIF	66.0 million	9.6%
Parking Funds	24.6 million	3.6%
Convention Development Tax	35.0 million	5.1%
Grants (Federal, State, County, etc.)	16.0 million	2.3%
2004 Miami Dade County GO Bond	90.0 million	13.1%
2001 Gulf Breeze Loan	15.0 million	2.2%
Other Funding Sources	158.0 million	23%
TOTAL	\$687.2 million	

Based on the above, it is estimated that the Neighborhood Right-of-Way (ROW) Program component represents only an estimated 28% of the overall funding in our Capital Improvement Program (CIP).

Type of Project in FY 2005 5-Year Capital Plan	# of Projects	% of Total
Parking	7	7.5%
Parks and Facilities	37	39.8%
Public Works (Environmental, Seawalls and Utilities)	9	9.7%
Public Works (Transit, Street Lighting, Non-ROW Streetscape)	14	15%
Public Works (ROW Streetscape)	26	28%
TOTAL	93	

* These projects are those reflected only in the FY 2005 5-year Capital Plan, and does not include those projects with funding that has been fully appropriated or projects that have been completed. A more thorough listing of projects being tracked is included as Attachment 1. Including those projects, the ROW program represents approximately 23% of the number of projects in the CIP.

In order to make sure that our above ground and below ground projects were planned, designed and constructed in a coordinated manner and implemented in an efficient sequence, the City combined most of the 1999 GO Bond Neighborhood funds with most of the improvements funded within the 2000 Water and Sewer Bond and 2000 Stormwater Bond to create a comprehensive Neighborhood Right of Way (ROW) Program. The City was subdivided into 13 neighborhoods to best accomplish one ROW effort. As you can see, the Neighborhood ROW component represents only an estimated 28% of the overall funding in our Capital Improvement Program (CIP) and 23% of the total projects currently tracked.

Over the past few years, the City has completed a number of projects, as outlined in Attachment 2. These projects have totaled over \$85 million in construction costs alone, not including the Program Management, CIP Office, or A/E Consulting fees. As you can see, several key priority projects have been completed or are in use today (reached substantial completion), such as the Regional Library, Miami Beach Golf Course, Scott Rakow Youth Center Phase I (ice rink), Flamingo Pool, North Shore Park and Youth Center, South Pointe Streetscape Phase I, Marseille Drive Streetscape Improvements and others. While the ROW Program has taken longer than originally projected, these Parks and Facilities projects and some streetscape projects have moved forward. Each of these has received its own share of accolades, demonstrating that quality and budget control factors did not detract from the projects being done right. The preliminary results from the Community Survey also indicate that 78% of the residents, businesses and community organizations rate the City's recently completed capital improvement projects as either excellent or good. Also attached is a list of those projects that are currently in construction, including an estimated timeline of construction duration (Attachment 3). These projects total another \$65 million in construction costs, which does not include soft costs values.

While the Parks and Facilities projects have been moving forward, the CIP Office is now introducing the ROW Program projects into the construction pipeline. The Washington Avenue project, one of the City's major transportation corridors, entered the construction phase in October 2004. This will be followed quickly by other ROW Program projects during 2005 and 2006. Attachment 4 identifies the ROW Program projects, and other projects, which are anticipated to begin construction in the next two years (end of 2005 through 2007). Within the next two years, it is estimated that the City will begin constructing projects valued at almost \$200 million.

Benchmark/Performance

In proposing to construct projects valued at over \$500 million over the past few and upcoming years, the City has taken on a large task. It is a big program as compared to the size of the City. The following table, derived in part from the July 20, 2004 presentation made by the CIP Office to the City Commission at Fiscal Year 2005 Budget Hearings, demonstrates that the City is undertaking one of the most aggressive Capital Improvement Programs in the nation, and certainly in the region.

<u>Jurisdiction</u>	<u>Population</u>	<u>Program Value</u>	<u>Soft Cost</u>	<u>Program Value Per Square Mile (thousands)</u>	<u>Program Value Per Resident</u>
Broward Co. (unincorporated)	92,000	\$636 million	32%	\$ 45,000	\$ 6,913
Detroit (MI)	4,000,000	\$4.3 billion	21%	\$ 4,000	\$ 1,075
Fort Lauderdale	150,000	\$490 million	26%	\$ 14,000	\$ 3,267
Gwinnett Co. (GA)	676,000	\$3.5 billion	N/A	\$ 8,000	\$ 5,178
Louisville (KY) SD	700,000	\$82 million	N/A	\$ 209	\$ 117
Miami Beach	90,000	\$400 million	18%	\$ 56,000	\$4,444
NE Ohio SD	1,850,000	\$730 million	35%	\$ 2,000	\$ 395
Orange Co. (CA) SD	2,350,000	\$2.4 billion	46%	\$ 5,000	\$ 1,021

* Since July 2004, the City's Program Value has increased by approximately \$100 million

While aggressive in its implementation plan, the current capital program is intended to minimize some of the negative experiences the City had in planning, designing and constructing projects in the past. The City has never previously experienced the proposed quantity and scope of capital projects before this. Planning and design efforts for previous projects often resulted in several redesign efforts, based on changing demographics, desires and needs. Projects were seemingly in perpetual design and redesign. The community input process was often repeated several times, and a community consensus was rarely reached without redesigning the project, at the expense of construction funding and of time needed to complete the design of the project. Before the bonds were issued, and prior to the creation of the CIP Office, it was not unusual to have projects in design for six or seven years prior to completing construction drawings. Examples of these are the Marseille Drive Streetscape project, the Lincoln Road projects, 71st Street Streetscape project, 42nd Street Streetscape project, the Normandy Isle Pool project, and the North Shore Park and Youth Center project. Timelines for construction committed to by A/E firms were not realistic, and many times were not met. Project and construction budgets would be established, but the design frequently surpassed the established construction budget. The projects were either then scaled back through re-design or value engineering, additional funds were added, or the project was put on hold to identify ways to resolve the variance in budget.

Early Challenges

As stated before, the City has never previously undertaken a capital program as large as currently planned. Many of the documents, processes and systems were not in place when the 1999 and 2000 Bonds were issued, and the City departments were not prepared to deal with such an intense increase in work volume related to the construction projects. To that end, the City faced many challenges early on in the implementation of this capital program, each having a successful outcome in its own right.

With the infusion of the new funding, the City amended Agreements with A/E firms who were already planning and designing the parks projects funded in part by the 1995 \$15 million Parks Bond. The City also issued Requests for Proposals (RFP) for Professional Architectural and Engineering (A/E) Services to master plan, design and oversee the construction of many of the ROW projects captured under the General Obligation (GO) Bond. It was agreed that extensive community input would be needed for those neighborhood infrastructure improvement projects (combined with the applicable Water and Sewer and Stormwater proposed improvements), where no planning activity had previously taken place. A new Master Plan would need to be developed that included the aboveground GO Bond improvements that coordinated with the previous Water and Sewer and Stormwater Master Plans.

At the time, it was estimated that the entire project timeline would be five years for these projects, which included obtaining community consensus (estimated as a 4 to 6 month effort at the time), designing the improvements, and constructing them. All of these projects were anticipated to be managed by the Construction Management Division of the Public Works Department, with three additional positions to be added to the staffing complement. The Administration agreed to also explore other methods of project implementation, such as Construction Manager at Risk agreements, and revised procurement processes. A citizen oversight committee was also established to assist in overseeing the implementation of the GO Bonds.

In 2000, the City issued a Request for Qualifications (RFQ) for Program Management Services to assist staff in overseeing and coordinating the planning, design and construction of the Right of Way Infrastructure Improvement Program (ROW Program), as the streetscape, water and sewer combined improvement projects came to be called. A similar RFQ was issued in 2001 for Program Management Services for the Parks and Facilities program, which included many of the projects funded in part by the Parks Bond and some of the GO Bond Recreational Facilities projects. The first A/E agreements for the ROW Program were not awarded until May 2001, approximately 18 months after the approval of the GO Bonds by the voters.

The City established the Capital Improvement Projects (CIP) Office in the summer of 2001 to "serve as a focal point for the planning and construction management activities associated with the extensive capital projects work being funded by the recently authorized G.O., Water and Sewer Bond, and Stormwater funding" per the Letter to Commission No. 91-2001, dated May 11, 2001 (Attachment 5). Staff was pulled from the Public Works Department and additional positions added to provide the original staffing complement of 24 positions. Over time, the staffing and the resources allocated to the CIP Office have grown to 28 positions within the Planning/Community Outreach, Construction Management, and Administration areas of responsibilities, with 4 positions added in FY 2005 (Attachment 6). The annual budget for the office is just over \$2.7 million per year. This office was originally anticipated to be funded by chargebacks to the particular projects managed by the office, but is slowly being supplemented by the General Fund, since many of the projects were never funded to contribute to the budget of this office.

While the Parks and Facilities projects were also funded in part by the GO Bond, many of the projects were already in planning or design, so the additional funding required the A/E firms already under contract to revisit the scope and design of the projects, thereby pushing back the anticipated construction timelines for those projects. While there have been delays on the Parks and Facilities projects, those are not usually attributed to the public input process or the internal review process. Instead, those projects were under a different set of A/E agreements and construction contracts, which are difficult to enforce in the City's best interest, and lack proper accountability measures. Projects lingered for several years, with minimal accountability or fairness for all parties.

Another early challenge for the City was managing the community expectations. At a July 23, 2001 Commission Workshop, the Administration outlined potential differences in the neighborhood expectations and what the funds for the projects would actually be able to address (Attachment 7) for the ROW Program. As the planning effort for many of the ROW Program projects was just beginning, the Administration had seen that residents were expecting more from the three bonds than would actually be feasible, given the funding available at the time. The expectations of the residents appeared to be "wish-list" kinds of improvements, and no Master Planning had been done to provide data to support the feasibility of those improvements within the GO Bond allocations. Residents were looking for extensive beautification, while the funding would allow for minimal beautification.

The CIP Office created an extensive process early on to address "Neighborhood Expectations". Originally, the planning process was anticipated to be a 4 to 6 month effort, as described above. The City revised that process to be more inclusive. Direct mail notices were sent to every household within respective neighborhood boundaries announcing community meetings, which were also advertised in the Miami Herald, Sun Post and the community Spanish-language newspapers, and other outreach efforts were implemented, such as contacting known Homeowners Associations and activists in each neighborhood. At least one Community Design Workshop (CDW) was held with each neighborhood, with the A/E firm presenting budget-based options for aboveground improvements, and obtaining input from the residents with regard to their concerns and desires for neighborhood improvements. In most neighborhoods, a second and sometimes third CDW was held, so that design consensus could be obtained amongst the majority of attendees. For these subsequent CDWs, the CIP Office provided direct mail notices to those who attended the first CDW, and also advertised the meetings in the Miami Herald and the Spanish-language newspapers. Again, Homeowners Associations and activists were also contacted. At these CDWs, the CIP Office staff, the Program Manager and the A/E firm representatives outlined how much funding was available for each type of improvement (with the focus on aboveground improvements), to demonstrate that not all desires could or would be included, as sufficient funding did not exist. The neighborhood representatives attending these meetings eventually came to consensus on the vast majority of issues to be addressed within the project scope and available funding. The process was designed to and succeeded in having discussions at the community level that focused on realistic improvements, and avoided having to have the City Commission

discuss and arbitrate these issues at City Commission meetings. The General Obligation Bond Oversight Committee has also played a major role in this effort.

The A/E firms then drafted a Basis of Design Report (BODR), which included the anticipated scope of the projects, based on the input provided at the CDWs. The draft BODR was reviewed and commented upon by the applicable City Departments. The A/E firms revised the BODRs to include the pertinent, agreed upon comments from the respective departments, and presented a final BODR to the General Obligation Bond Oversight Committee and then the City Commission for final approval. When the BODRs received final City Commission approval, they became the agreed upon starting point for the design of the project scope.

The efforts of the City to be so inclusive and ensure that consensus was achieved took longer than originally anticipated. The A/E firms had to revisit the plans after each CDW and incorporate components, or revise plans altogether, based on the input received. The City Departments also had to take a careful look at the draft BODRs to ensure that their respective needs were addressed. The A/E firms had to review that input and possibly revise the draft BODRs to ensure that all policy and regulatory concerns were addressed. While originally anticipated to take 4 to 6 months, this planning effort typically took between 12 and 18 months to complete, pushing possible construction commencement back in order to be inclusive and ensure sufficient public outreach (Attachment 8 and Attachment 9). This extensive planning effort was an effort to reduce the number of re-designs necessary due to a lack of consensus, and in the long run, was intended to produce a design decision and to expedite construction as compared to the past project experiences prior to the creation of the CIP Office.

To date, 9 of the 12 neighborhoods have been master planned; the City Center, West Avenue and parts of the South Pointe neighborhoods still need to be master planned, but are well underway. During the master planning process, few issues rose to a level where the City Commission had to serve as the arbitrator for various desires within the neighborhoods. The Administration achieved consensus in all 9 master planned neighborhoods on the majority of issues. The expectations of the community were brought in line with what the budgets would be able to fund. These efforts, all of which have taken place after the issuance of the bonds, should have occurred prior to the bond issuances. It would have allowed the City to have a more realistic understanding of the desires of the community, which would have led to more realistic budgeting, and would have allowed the City to implement project construction closer to the issuance of each respective bond.

Current Challenges

On November 13, 2002, the Administration brought to the City Commission a proposed construction schedule for the Capital Improvement Projects both within the ROW and Parks and Facilities programs, and outside of those programs. The schedule as proposed and adopted by the Commission at that time, via Resolution 2002-25070, is attached as Attachment 10.

With the factors addressed herein that have caused delays, these project construction timelines have fallen behind the originally projected timeframes. The original implementation of the ROW program called for the majority of construction to take place over a five (5) year period, from approximately 2003 through 2007. The heaviest time for construction was to be from 2004 through 2006. Obviously, the projected timelines have not been met. Currently, the sequencing schedule calls for ROW construction to take place between 2006 through 2011, with construction occurring heavily between 2006 through 2009. Some tapering off is expected through the last years of the ROW program implementation. Projects outside of the ROW program are scheduled throughout the entire timeframe. This schedule does not address the introduction of an additional \$90 million from Miami Dade County General Obligation Bonds approved by the voters in November 2004 for the projects managed by the City of Miami Beach, or if any additional funds are obtained to address existing shortfalls in Water and Sewer Bond or Stormwater Bond funded projects. Once those factors are addressed, they will be introduced into the schedule.

The City is taking a coordinated approach to updating the timeline of construction sequencing. As has been discussed with the City Commission, oversight boards, and the residents previously, the entire City cannot be under construction at the same time without causing almost total gridlock. Therefore some neighborhoods and projects were always scheduled to begin construction later than others. This allowed for project designs to progress on those projects that were scheduled for later in the original project construction timeline. Due to the known project delays and future anticipated delays on projects which are already in progress, the original timelines established at the outset of the Program need to be revised. This revision will not affect the project sequencing itself, unless factors have caused one project to go into construction earlier and another one to go into construction later. The update will essentially be a shift in the timeline to reflect the necessary extension of the Program from the intended ending date to a new expected completion date of all planned projects.

Triangle of Construction

One of the factors to consider in evaluating project delays is what may be called the "Triangle of Construction". Essentially, there are three (3) factors that can impact a construction project: time, quality and budget. In most cases, only two of these can be controlled at any given time, as something will have to give in the tight relationship between all three. In the public sector, policy decisions are usually made to establish a fixed project budget, which limits the flexibility the entity has to affect the project schedule and quality is assumed to be fixed. The private sector, as profit makers, may be willing to sacrifice quality or supplement budgets in order to expedite construction.

With public sector entities, typically quality is held consistent since the desire is to provide a product that will serve the Community for decades. This means that when issues on a project arise, either through unanticipated elements, disputes, or other items, quality is typically preserved. In order to address the issue, the Owner (City) usually is faced with the choice of increasing the compensation to the A/E and/or contractor quickly and without much review to maintain the schedule, or, as is typical in public entities, carefully studying,

reviewing, and negotiating any additional compensation. This minimizes the impact to the budget, but at the expense of the schedule. At this point, staff has consistently been directed to preserve and defend City dollars, and has done so vigorously. As described, this has been done at the expense of the projected project schedules. Examples include the North Shore Park and Youth Center, the Bass Museum, and the Normandy Isle Park and Pool.

Quality and budget have been the two factors that the City has decided to control to date. If those decisions are changed, and time becomes one of the two main factors that City wishes to control, something will likely have to change with regard to quality or budget. If the City decides to control time and budget, quality may be sacrificed. If the City decides to control time and quality, additional funding may be needed to expedite projects.

Advancements Made

Through the City's continuous improvement and innovation efforts, there have been other advancements throughout the evolution of the Capital Improvement Program. The creation of the CIP Office led to creating the aforementioned Community Consensus and BODR approval process. Additional staffing has been recently added to the CIP Office staffing complement to allow for additional financial processing assistance, and legal document review. One of the other early priorities for the CIP Office was to draft new standard A/E Agreement language and Construction Contract language. The past experiences of the City, wherein the projects lingered for several years, with minimal accountability or fairness for all parties, demonstrated that significantly revised standard language had to be drafted for both the A/E Agreements and the Construction Contracts. This effort would ensure that as time progressed, those agreements and contracts would hold layers of accountability for both the City and the firms. Similarly, new standardized language would ensure the enforceability of the agreement and contract provisions most needing improvement based on prior experiences. The CIP Office worked with the City Attorney's Office to craft these agreements, which are in force today.

The City has also recently procured and implemented the EDEN Software System, which includes a Project Accounting module. Until recently, project budgets and the Annual Capital Budget were maintained in software products such as Microsoft Access or Excel where each interested department tracked projects individually and no comprehensive centralized system was maintained. This meant that project reconciliation between the separate departments was a constant need. Each time a funding commitment was made each department would have to track those commitments independently. Every transaction would have to be tracked by each department in order to maintain consistent funding information. If a question was raised regarding the funding for a project, all parties involved would have to compare their information before a response could be generated. This process, all completed manually, would take weeks, if not months, to complete, and constituted staff time that was taken away from the program.

With the procurement of the EDEN system Project Accounting module, the project budgets can be entered, maintained, and tracked in one system, accessible by all applicable parties, and will interact with the City's financial system. This system is now being

implemented, and will be used for Capital Budgeting and project reporting within a few months. The City will be able to create standardized reports and produce the reports in a much easier fashion than current practice allows.

The City has entered into a Job Order Contracting (JOC) contract with several construction firms in May of 2003. These contracts are based on fixed unit prices, with the varying price factors for overhead and profit being the only difference between the contractors. The JOC contractors were competitively bid according to the City's Procurement rules and regulations, so the City has contractors on hand to complete most types of projects. If a contractor procured by the usual methods is defaulted or terminated for any particular reason, the City can contract with the JOC contractors much quicker than if another bid needed to be issued.

Many projects have been completed with JOC contractors in the past two years, demonstrating that the JOC program has been a success. In the first year of the program, job orders were issued on 58 projects totaling over \$10.5 million. This is more projects in one year than the City awarded through traditional bidding methods in the three years prior to the JOC program (53). The average time from the Joint Scope meeting (initial meeting of the City and Contractor to discuss scope of work) to Notice to Proceed Issuance averaged 26.3 days. This is approximately 150 days less than projects constructed through traditional bidding methods. Similarly, there were no contractor-initiated change orders, claims or litigation on any JOC project.

The CIP Office is also moving toward making documents available in electronic form via a software system called E-Builder. The CIP Office anticipates procuring licenses to E-Builder prior to the end of Fiscal Year 2005. E-Builder will allow the CIP Office and the Program Manager to communicate almost completely electronically with the Program consultants and contractors, and City staff construction document reviewers, and will eventually become a requirement for all Program consultants and contractors. Essentially, E-Builder will house a computer server and a website strictly for the CIP Office projects, and users purchase licenses in order to access and/or provide project information. The construction documents can be posted on a public part of the website, where reviewing departments, and/or the public, will be able to review them, print them out, and fax comments back to the CIP Office. An alternative to that is for the reviewing departments to purchase the applicable number of licenses, and then they will be able to access the construction documents and physically mark them up, without having to fax comments in. The comments will be kept on the construction documents themselves, for the CIP Office, Program Manager and consultants to review. It is anticipated that once utilized by all parties, the E-Builder system can drastically improve the review time for all projects, following the same timeline restrictions as will be defined in the revised process outlined above. It should be noted that access to this public part of the website may also be granted to the residents and other interested parties, if applicable.

Activities under Review

Of course, the City is always looking for innovative ways to improve processes and ensure greater efficiency, if possible. The Capital program is no different. For instance, the Construction Document Design Review process is an area where, perhaps, efficiencies can be experienced.

During the design process, which was originally estimated to take 9 to 15 months, the A/E firm designs the proposed improvements outlined in the BODR process and creates construction documents. The City's processes have called for these documents to be reviewed by the respective internal City departments at the thirty percent (30%), sixty percent (60%) and ninety percent (90%) design completion stage milestones. The purpose of the establishment at the onset of the program of the three (3) review milestones was to verify that design review comments and design standards were followed, that documents were consistent with the design intent and with the BODR, and that documents reflected the values established in the initial budgets. These milestones are outlined below. Over time, based on modifications to the process, Department review periods have extended to as much as eight (8) to twelve (12) weeks per review.

- Thirty percent (30%) – Preliminary documents which indicate all proposed improvements in plan view.
- Sixty percent (60%) – Intermediate documents which indicate all proposed improvements in plan and section view.
- Ninety percent (90%) – Near Final documents, pending review of 100% documents through City regulatory agencies.

It should also be noted that the CIP Office maintains consistent communication with the residents regarding the individual projects. The CIP Office maintains a webpage with information regarding the BODRs and construction drawings. Community Design Review Meetings (CDRMs) are also held with the neighborhood residents at the 60% design stage and the 90% design stage, to provide final opportunities to provide input to the City before construction documents are finalized and the permitting process begins. These meetings are again noticed via mailings and advertised in the Miami Herald, the Sun Post and Spanish-language newspapers, and the other outreach methods used. It is common that one issue brought up at such a meeting can result in several more meetings being held to achieve consensus on that particular issue. These meetings, wherein there is a conflict about how the project should be designed, can further delay the design and construction processes.

The City is currently examining this process to find ways of expediting the reviews by the City departments. Suggestions to date have included reducing the number of reviews from the three listed above to one (50%) or two (30% and 90%); revising the City's AutoCAD standards and requirements for the A/E firms to allow for greater flexibility; and providing strict deadlines for all comments to be received within the CIP Office and proceeding with further design if comments are not received by the determined deadlines. If comments are not received within the proscribed timelines, it will be interpreted that the design is acceptable to the reviewing departments. The E-Builder program mentioned above may

also assist with this process. The CIP Office is still developing a proposed revised process, and working with the respective City departments to implement a revised process. An update on the progress on this issue will be brought to the Finance and Citywide Projects Committee as soon as practical.

The Construction Document Design Review process is just one of many factors in the implementation of the City's capital program that affect schedules. If this particular process is revised, it does not mean, however, that all further delays are eradicated.

Other Potential Causes for Delay

Other potential causes for delay include higher construction costs, due to inflation and other economic factors. These higher costs frequently generate needed redesigns or scope evaluations in an effort to maintain projects within budgets. The original permitting and regulatory review process has also proven to take longer than originally anticipated. Since the inception of the program, regulations and codes have changed, and standards for design of certain project components have been created. Additional regulatory reviews have also been required. Consultants and contractors may also cause delays. This includes poor performance, a lack of manpower, insufficient funds, added scope, and scope adjustments to keep a project within budget.

Another reason for delay can be contributed to communities that have taken on initiatives that consciously delay the design, and hence construction, of a project. For instance, two neighborhoods in the City have decided to underground their utilities (electric, telephone, cable, etc.). While these undergrounding projects progress, the City must halt its Neighborhood Infrastructure Improvement project at whatever level of completion it is. The neighborhood will underground the utilities at their expense before the roadway and City infrastructure is under construction. If this coordination did not take place, the City would progress with the planned improvements, which would then be affected during the undergrounding effort. These neighborhoods have made the conscious decisions to delay the implementation of the City's project in order to preserve the integrity of the improvements once they are constructed.

As the program has progressed, it has been determined that many projects have insufficient funding to construct all of the defined, originally anticipated scope components. Attachment 11 outlines the potential project funding challenges for all Programs and projects, by funding type (stormwater improvements, water improvements, aboveground improvements, parks improvements). The potential funding challenges are related to original scope intended for which sufficient funding does not exist at this time, or has not been identified. As some of the funding sources are restricted to certain uses, it is important to keep in mind while reviewing this list that funding sources may not be interchangeable. This spreadsheet also reflects the current phase the project is in (planning, design and construction). Those projects that are in planning and design have a longer timeframe before any potential funding challenge will be refined or become reality. The City has a more immediate need to identify funding for those projects currently in construction to address challenges for critical components of the scope, as the projects cannot be completed without additional funding. Potential funding sources for these

projects have been identified, and include interest earnings from the existing bonds, from the Miami Dade County GO Bond, and grants that the City has already applied for.

Other scope components that was not integral to the main intent or function of the project, or that was not initially identified when the budget was developed, have not had as high of a priority placed on them. This includes scope that has been requested by residents or departments, but that was not part of the original scope of the respective projects. Nevertheless, the identified scopes are important to recognize, as additional funding may need to be identified in the future to construct these projects. The estimated scope and estimated value for these kinds of "wish-list" components is identified in Attachment 12.

The Administration will be putting together a "capital review group", to include applicable Assistant City Managers, Department Heads and essential staff to identify citywide, the entire scope of projects that may be under-funded, their timeframes and funding types. As the City may have the capacity to issue additional revenue bonds to fund additional Stormwater and Water and Sewer improvements, it is anticipated that the primary focus will be on those aboveground streetscape, park and facility projects, as these projects are typically funded by similar funding sources. This group will be tasked with prioritizing those projects so the City can examine the available funding and make consolidated, educated recommendations about funding. Otherwise, requests come to the City Commission without a full picture of other potential shortfalls that may be occurring. This group will be established and tasked with their responsibilities soon, and they will bring back recommendations to a workshop with the Commission, which will allow the City Commission to allocate any available dollars to those projects with the highest priority.

Resolution to Issues

With regard to the project timelines and funding issues, it has been suggested that adding resources to the CIP Office, or evaluating and revising internal processes, will eliminate the delays on projects. While that is true to some extent, it will not completely resolve the delays. There will always be delays in the process; the question is how to minimize them. As discussed above, the City needs to decide which factors are going to be controlled, and which resources (positions, funds, etc.) are going to be allocated to assist in minimizing the delays.

There are several issues that need to be examined and reported back to the Finance and Citywide Projects Committee and/or the City Commission as a whole. The Construction Document Review Process is currently being studied, and recommendations for improvement and greater efficiency are being developed. The Administration hopes to revise this process within the next month or so, which should assist in expediting the review processes for those projects still in the planning or design phases. The introduction of the E-Builder software is also anticipated shortly, which may assist in that effort as well. Similarly, once the Project Accounting module is completely populated and functioning, project budgeting information will be easier to access and report.

The CIP Office is examining its current structure, and will make recommendations during the budget process. Additional staff will be one of the components the CIP Office focuses

on, while additional resources and technology will also be examined. The CIP Office will also focus on the potential outcomes of adding staff with regard to productivity and quality of work. Another option the CIP Office has available and will evaluate, is hiring contract project managers, who would complement the permanent staff. These would be contract employees, working for only a limited amount of time, and not as permanent staff of the City. This method is often used in the consulting industry when specific project needs are identified that are not long term in nature. These contract employees would assist the City in expanding project management needs for major construction throughout the City, who could then be released as projects reach completion.

Similarly, additional resources for the consultants (A/E firms and Program Managers) may also need to be considered. The City's negotiations with these firms were very successful in protecting the public dollar, perhaps too successful, which has affected the timelines and quality of work. Where we have funded Agreements at minimum levels, the consulting firms are working, like the CIP Office, at core staffing levels, hiring only those employees that are essential to the projects to maintain and stay within budgets. Additional funding for those consultants may also improve efficiency of work, as discussed above. As discussed with the Commission previously, the CIP Office runs the Capital Improvements Program with a lower percentage of soft costs than most other similarly sized programs in the country (see table below). Additional resources with regard to soft costs (CIP Office staff, A/E Consultants, and Program Manager Consultants) would allow for additional staff to be hired or resources to be procured by the respective parties, and greater efficiencies achieved.

The City is also exploring the possibility of identifying additional funding to address potential project shortfalls. With the addition of the \$90 million Miami Dade County General Obligation Bond, some funding may be shifted between other projects to free up funding where applicable and possible. These funds could then be reallocated toward other projects, if funding restrictions permit. The "capital working group" will evaluate these possibilities as part of the overall mission of the group. Similarly, the City has investigated issuing additional revenue bonds to address the funding issues in the Water and Sewer and Stormwater projects. The City will continue to explore opportunities for additional bond funds as the principal of the existing bonds is spent down.

I hope that you find this information helpful and that it serves to guide the discussion regarding the Capital Improvement Program

c: Mayor and City Commission
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